

Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 AID-05 IO-10 OMB-01 CIAE-00

DODE-00 PM-04 H-02 INR-07 L-03 NSAE-00 NSC-05 PA-01

PRS-01 SP-02 SS-15 USIA-06 EB-07 FEA-01 COME-00

TRSE-00 /093 W

----- 051362

R 130750Z AUG 75

FM AMEMBASSY SANA

TO SECSTATE WASHDC 6148

INFO AMEMBASSY ABU DHABI

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY AMMAN

AMEMBASSY DOHA

AMEMBASSY LONDON

AMEMBASSY MUSCAT

C O N F I D E N T I A L SANA 2232

EO 11652:GDS

TAGS: EAID, YE, SA

SUBJECT: SAUDI AID TO YAR

REF: SANA 2194

1. ABDAL KARIM AL-IRYANI, YAR MINSTATE FOR DEVELOPMENT, HAS FILLED
IN FOR US SOME OF GAPS IN WHAT WE KNOW OF SAUDI AID GRANTED
DURING LAST TRIP TO JIDDA.

2. SAUDI GIFT OF OIL (50,000 TONS) IS SAME AS LAST YEAR,
AND IS
WORTH ALMOST \$6MILLION DOLLARS. IT IS SUPPLIED BY SAUDIS AS CRUDE
TO SHELL EX RAS TANURA, AND
SHELL THEN SUPPLIES REFINED PRODUCTS
TO YEMEN PETROLEUM COMPANY. THIS GIFT OFFSETS RECENT REDUCTIONS IN
YAR TAX ON GASOLINE, WHICH WAS ONCE 50 PERCENT OF PRICE HERE.

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TAX WAS REDUCED TO MAINTAIN PRICE OF GAS AT ABOUT 1973 LEVELS.

3. OIL IS OF COURSE ANOTHER FORM OF BUDGET SUPPORT FOR YAR, AND WITH OTHER SAUDI BUDGET SUPPORT (REPORTED REFTEL) COMES TO EXACTLY WHAT YEMENIS REQUESTED.

4. ABDAL KARIM SAID THAT YEMENIS PLANNED TO MAKE REQUEST FOR BUDGET SUPPORT AND PROJECT AID WHICH WAS THREE TIMES AS GREAT AS ONE EVENTUALLY TABLED IN JIDDA. HAMDI ORDERED IT CUT DOWN TO SIZE, USING AS MEASURE WHAT YARG THOUGHT THEY COULD REALLY GET AND WHAT THEY COULD ABSORB. ABDAL KARIM SAYS THIS WAS SHREWD MOVE, AND THAT TACTIC SEEMS TO HAVE WORKED VERY WELL, WITH BOTH YEMENIS AND SAUDIS NOW VERY HAPPY. YARG ACTUALLY GOT, AS REPORTED EARLIER, SLIGHTLY MORE THAN THEY REQUESTED IN SOME CATEGORIES, FOR INSTANCE ROADS AND EDUCATION.

5. BOTH KARIM AND FONMIN ABDALLAH ASNAG WERE VERY IMPRESSED NOT ONLY WITH EXTRAORDINARY SAUDI GENEROSITY BUT WITH WHAT THEY PERCEIVE AS NEW SAUDI ATTITUDES TOWARD YEMEN. IN TALKS WITH FAHD SULTAN AND SAUD BIN FAISAL, AS WELL AS WITH KHALID, SAUDIS SEEMED NOT ONLY GENEROUS BUT UNGRUDGING. SAUDIS VOLUNTEERED REMARKS ABOUT COMMON INTERESTS, AND DELIVERED NO LECTURES ABOUT ISLAM AND LEFT WING FLIRTATIONS OF SOME YEMENI POLITICIANS.

6. ASNAG SAID TESTILY THAT HE HOPED THIS TALK HAD SOME EFFECT ON SAUDI AMBASSADOR MUSAID, WHO WAS PRESENT. YEMENIS WOULD DEARLY LOVE--BUT DID NOT ASK FOR--NEW SAUDI AMBASSADOR AS QUICK AND AS ABLE AS SAUDI MILITARY ATTACHE AND DCM HERE.

7. SAUDIS AND YEMENIS CAME TO QUICK IMPASSE OVER QUESTION OF IMPROVED BENEFITS AND PRIVILEGES FOR YEMENI WORKERS IN SAUDI ARABIA. YEMENIS RAISED POINT WITHOUT PRESSING IT, SAID IRYANI, AS THIS WAS "SOREPOINT WITH BOTH SIDES". JUST AS YEMENI DELEGATION ARRIVED, SAUDIS WERE CLOSING SHIPS WHICH YEMENI WORKERS HAD OPENED ADMITTEDLY WITH NO RPT NO AUTHORIZATION. YAR DELEGATION WAS BESIEGED WITH PLEAS FOR RELIEF, AND BELIEVES CONFIDENTIAL

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IT WON MAJOR CONCESSION FROM SAUDIS IN DECISION TO ALLOW ALL YEMENI SHIPS OPEN AT PRESENT TO REMAIN OPEN, WHILE ESTABLISHING SYSTEM FOR REGISTERING (AND THUS PROHIBITING) NEWCOMERS. ABDAL KARIM IS SATISFIED WITH THIS. HE SAID ALSO THAT YAR EMBASSY WILL BE ALLOWED TO OPERATE SEVERAL REGIONAL OFFICES TO ASSIST IN MAKING SURE YEMENIS HAVE PASSPORTS, ARE REGISTERED WITH SAUDI AUTHORITIES, ETC.

8. KARIM SAID HE HOPED THAT OVER A PERIOD OF YEARS THESE DECISIONS WOULD SYSTEM A BASIS FOR METHODICALLY NEGOTIATED BILATERAL LABOR AGREEMENTS BETWEEN SAUDI ARABIA AND YEMEN WHICH WOULD REDUCE NUMBER OF YEMENIS IN KINGDOM AND ESTABLISH BASELINES FOR WAGES, BENEFITS, DURATION OF STAY, ETC.

9. IN MEANTIME, YARG INTENDS CONCENTRATE ON PIECE MEAL SOLUTIONS TO PARTICULAR PROBLEMS LIKE THOSE OF YEMENI SHOPKEEPERS AND ACCESS TO PASSPORT SERVICES. KARIM SAID YEMENIS PUSHED THIS TIME FOR MORE SLOTS FOR YEMENIS IN SAUDI HIGH SCHOOLS AND VOCATIONAL TRAINING CENTERS. SAUDIS PROMPTLY PRODUCED STATISTICS TO POINT OUT TO YAR DELEGATION THAT HALF AGAIN AS MANY YEMENIS WERE IN HIGHSCHOOL IN SAUDI ARABIA THAN IN YAR. THIS PROVED CHASTENING TO YEMENIS, WHO WERE CONTENT TO GET ASSURANCE YEMENIS COULD CONTINUE TO ENROLL IN SAUDI HIGHSCHOOLS AND UPON GRADUATION, IN SAUDI UNIVERSITIES. SAUDIS REFUSED TO ENTERTAIN ANY NOTION OF SENDING BEST YEMENI STUDENTS ABROAD FOR STUDIES, AND REFUSED TO ALLOW YEMENIS TO ENROLL IN SAUDI VOCATIONAL SCHOOLS, SAYING ALL PLACES WERE NEEDED FOR SAUDIS. YEMENIS AT THIS POINT WERE ABLE TO PRODUCE LISTS OF YEMENIS IN SAUDI VOCATIONAL SCHOOLS AND THIS PROVED CHASTENING TO SAUDIS. OUTCOME WAS SAUDI OFFER TO BUILD THREE VOCATIONAL SCHOOLS IN YAR.

10. ON ROADS SAUDIS TOLD YEMENIS THAT CONSTRUCTION WOULD REACH YEMEN BORDER BY 1978, AND THEN REACH HODEIDA AND SAADA THREE OR FOUR YEARS LATER. THESE ARE ADMITTEDLY HARD ROADS TO CONSTRUCT BUT YAR DELEGATION FOUND IT EVEN HARDER TO ACCEPT THAT THEY WOULD HAVE NO HIGH SPEED, ALL WEATHER LAND ROUTES TO OUTSIDE WORLD AND MARKETS UNTIL WELL INTO EIGHTIES. KARIM BELIEVES SAUDI AGREEMENT TO ACCELERATE CONSTRUCTION WILL LEAD TO DECISION TO BEGIN CONSTRUCTION SIMULTANEOUSLY FROM HODEIDA AND SAADA AS WELL AS SAUDI SIDE. CONFIDENTIAL

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THIS WOULD BRING ABOUT CONSTRUCTION IN AS LITTLE AS THREE YEARS--STILL A LONG TIME FOR PROJECTS BEGUN IN 1972. RANSOM

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